

Matthew Denn  
Insurance Commissioner



Department of Insurance  
841 Silver Lake Blvd.  
Dover, DE 19904-2465  
(302) 674-7300  
(302) 739-5280 fax

## DELAWARE CAPTIVE INSURANCE COMPANY STRATEGIC BUSINESS PLAN OUTLINE

### A. PURPOSE

**Introduction and Background** – Describe the overall circumstances that led to the efforts to organize the captive insurance company (Company) including current and emerging market situations relative to the business the Company will insure.

**Insurance Company Formation** – Explain how transferring risk to the Company will address the issues or concerns described above.

**Plan of Operation** – What business will the Company insure and what exposures to loss will it underwrite?

**Purpose Statement** - Define the specific outcomes to be achieved by the Company. Detail the objectives for all stakeholders i.e., organizers, policyholders, investors, business producers (agents), managers and other service providers as applicable.

**Goals** – Describe the overall long-term risk transfer benefits and/or profitability to be achieved by the Company.

### B. COMPANY OVERVIEW

**Legal Business Description** - Company name, legal form of the business, home office location and principal place of business.

**Management Team** – Provide summarized professional biographies for all management staff and descriptions of their responsibilities.

**Board of Directors** – Provide summarized biographies of all directors.

**Outside Support** - Identify individuals and/or firms that will provide services to support the company's operations and describe the services that will be provided.

**Organizational Chart** - Illustrate the company's operations including subsidiary, affiliate and/or contracted operations, lines of authority within departments, if applicable and corporate responsibilities.

### C. MARKET ANALYSIS

**Market Definition** - Define the principal risk transfer needs of participants in the market segment that will generate business for the Company. Describe how these participants will benefit from the Company's insurance program(s).

**Competition/Alternatives** – Describe facilities or other sources that could provide the risk assumption/risk transfer capabilities that will be offered by the Company. Discuss changes in economic conditions that might influence the Company's ability to do business and any legal or legislative changes that could adversely affect the Company's long-term plans.

## D. RISK ASSUMPTION/RISK TRANSFER

**Coverage and Reinsurance** - Describe the type of risk and limits that will be assumed by the Company, the risk transfer mechanism or transaction that will be employed, and reinsurance to be used, if any. Describe the transaction flow and the process that will be used to track results.

**Risk Management Program** – Outline the risk management program(s), if any and describe how it will be used to mitigate exposures to loss. How are the results of the risk management program factored into underwriting analysis and evaluation of exposure to loss?

## E. IMPLEMENTATION PLAN

**Strategy** - Outline the approach that the Company will take to develop, maintain and support its insurance programs and the methods that will be used to improve and expand business capabilities.

**Program Management and Administration** – Describe the guidelines and procedures that will be used to provide program capabilities to client/participants including policy issuance or other evidence of insurance as applicable.

## F. FINANCIAL PROJECTIONS

**Pro forma Assumptions** – Describe the amount and source of initial capitalization, projections by line of business for premium, loss and loss adjustment expenses and underwriting expenses. Describe treatment of policyholder dividends and all tax obligations. Provide five-year financial projections.

**Actuarial Feasibility Study** – Provide an actuarial opinion and analysis to support the risk assumptions and financial projections.

## G. ATTACHMENTS

Exhibit I Application for Admission (Form C-1) Exhibit II Irrevocable Letter of Credit (Form C-2) Exhibit III Biographical Affidavit (Form C-3) Exhibit IV Application for Approval as Independent CPA (Form C-4) Exhibit V Application for Approval as Captive Insurance Manager (Form C-5) Exhibit VI Application for Approval to Certify Loss & Expense Reserves (Form C-6) Exhibit VII Designation for Receipt of Service of Process (Form D-1) Exhibit VIII Designation to Receive Department Of Insurance documents (Form D-2) Exhibit IX Organizational Documents and Bylaws  
Exhibit X Underwriting Policy and Procedures  
Exhibit XI Pro Forma Financial Projections (five-year projection)  
Exhibit XII Actuarial Analysis (five-year projection)  
Exhibit XIII Power of Attorney Form Exhibit XIV Organization Chart

### **Additional attachments (as applicable)\***

Surplus Contribution and Withdrawal Policy

Membership Agreement

Association Sponsor Description

\* Use additional attachments to clarify and/or support statements or projections detailed in the business plan.